

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities
Date of Meeting: November 4, 2005
Time of Meeting: 8:15 a.m.
Place of Meeting: Art Pick Council Chamber, City Hall
3900 Main Street (at Tenth & Main Streets)
Riverside, California

City Manager Brad Hudson and Assistant City Manager Michael Beck attended this meeting.

PLEDGE OF ALLEGIANCE WAS GIVEN TO THE FLAG

Roll Call

Present: Jim Anderson (Vice Chair) Greg Kraft
 David Barnhart Ken Sutter
 Conrad Newberry, Jr., P.E.

Absent: Peter Hubbard (Chair) (absent due to illness)
 Bob Stockton (absent due to business)
 Lalit Acharya (absent due to business)
 Joe Tavaglione (absent due to business)

MINUTES

- (1) The regular meeting minutes from the Board of Public Utilities meeting held on October 21, 2005 was approved as submitted.

Motion – Barnhart. Second – Newberry, Jr., P.E.

Ayes: Anderson, Barnhart, Kraft, Sutter, and Newberry, Jr., P.E.

Noes: None

Abstain: None

Absent: Peter Hubbard (Chair) (absent due to illness)
 Bob Stockton (absent due to business)
 Lalit Acharya (absent due to business)
 Joe Tavaglione (absent due to business)

CITIZENS PARTICIPATION

No comments were made.

COMMITTEE REPORTS

FINANCE/MARKETING COMMITTEE REPORT

The Board of Public Utilities accepted and filed the October 28, 2005, Finance/Marketing Committee minutes.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar.

Motion – Barnhart. Second – Sutter.

Ayes: Anderson, Barnhart, Kraft, Sutter, and Newberry, Jr., P.E.

Noes: None

Abstain: None

Absent: Peter Hubbard (Chair) (absent due to illness)
Bob Stockton (absent due to business)
Lalit Acharya (absent due to business)
Joe Tavaglione (absent due to business)

ELECTRIC ITEMS

(2) THREE-PHASE 12 kV UNDERGROUND EXTENSION WORK ORDER 0501516

The Board of Public Utilities approved the estimated capital expenditure of \$110,000 for the underground electrical facilities to serve Canyon Springs Marketplace at 2660 Canyon Springs Parkway, westerly of Day Street.

Funds are budgeted in the Distribution Line Extensions and Major Tract Distribution Accounts and will be predominantly reimbursed by the Developer.

(3) 12 kV UNDERGROUND LINE EXTENSION WORK ORDER 644071

The Board of Public Utilities approved the estimated capital expenditure of \$220,000 to install underground primary line extensions to serve 110 Single Family Residences (Tract 30907) located at Marlborough Avenue westerly of Chicago Avenue.

Funds are budgeted and available for this project in the Major Tract Distribution Account and \$200,000 will be predominantly reimbursed by the Developer.

(4) CIRCUIT 1572 FEEDER EXTENSION WORK ORDER 644187

The Board of Public Utilities approved the estimated capital expenditure of \$585,000 to install five manholes, one padmount switch, one padmount junction cabinet, and associated underground cables at Sycamore Canyon Boulevard from Cottonwood Avenue to Alessandro Boulevard for extension of Circuit 1572.

Funds are budgeted in Major Feeders Account and there will be no outside reimbursement for the cost. Contractors will do most of the work.

WATER ITEMS

(5) **FIRST AMENDMENT TO UTILITY AGREEMENT NO. 19267 (CONVENTIONAL) WITH THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION AND SUPPLEMENTAL APPROPRIATION**

The Board of Public Utilities approved and recommended that the City Council approve the First Amendment to Utility Agreement No. 19267 with Caltrans for the relocation of Riverside Public Utilities' water facilities increasing the reimbursable amount of Utility Agreement No. 19267 to \$65,429.55.

OTHER ITEMS

DISCUSSION CALENDAR

(6) **PHOTOVOLTAIC PROJECT WITH THE RIVERSIDE AIRPORT**

Renewable Resources Coordinator Atoya Mendez reported that Riverside Public Utilities has an opportunity to participate in a joint photovoltaic project with the City of Riverside Airport to replace the awning cover at the entrance to the Riverside Airport Terminal Building with a structure containing photovoltaic panels. The existing structure has become a safety issue and has become a bird attractant that is a nuisance to all. The proposed photovoltaic structure will provide approximately 40 kW of power directly supporting the energy needs of the Airport Terminal building.

The Board of Public Utilities approved and recommended that the City Council:

1. Approve in concept the joint project between the Airport and Public Utilities to replace the awning at the entrance of the airport with a structure containing photovoltaic panels;
2. Approve the project at an estimated cost of \$393,500 with \$343,500 from funds available in the Public Benefit Photovoltaic Account No. 9772300-456051 and \$50,000 to be funded from the Airport budget; and
3. Authorize the City Manager, or his designee, to execute a professional service agreement with Kroh Design at a cost not-to-exceed \$36,500 for architectural & engineering services for the Airport Photovoltaic Project.

Motion – Barnhart. Second – Kraft.

Ayes: Anderson, Barnhart, Kraft, Sutter, and Newberry, Jr., P.E.

Noes: None

Abstain: None

Absent: Peter Hubbard (Chair) (absent due to illness)
Bob Stockton (absent due to business)
Lalit Acharya (absent due to business)
Joe Tavaglione (absent due to business)

(7) PROJECT COMPLETION REPORT – CONSTRUCTION OF THE RIVERSIDE CANAL REHABILITATION PROJECT

Assistant Director/Water Kevin Milligan gave a report on the completion of construction of the Riverside Canal Rehabilitation Project, which was a cooperative project of the Santa Ana Watershed Project Authority and City of Riverside Public Utilities. Mr. Milligan explained the history of the canal, resource planning objectives, project objectives, project scope, showed before and after photos of the canal, and the project benefits.

Board Members Ken Sutter and Conrad Newberry, Jr., gave kudos to the water staff on a great job on the rehabilitation project.

The Board of Public Utilities received and filed this report.

(8) APPROVAL OF TERMS AND CONDITIONS FOR THE DISPOSITION OF PELLISIER RANCH SURPLUS REAL PROPERTY FROM PUBLIC UTILITIES-WATER FUND TO THE CITY'S GENERAL FUND

Assistant City Manager Michael Beck reported that the City of Riverside would like the Board's approval to consider the disposition of approximately 190 acres of Pellisier Ranch surplus property by Public Utilities Water Fund to the City's General Fund for the amount of \$7,450,000. Once the General Fund acquires this surplus property, the City Manager will coordinate development activities for the property with the City of Colton for the purpose of obtaining entitlements and improving access onto the property and improving this entrance point to the City of Riverside.

Vice Chair Jim Anderson distributed a memo (attached and on file in the Public Utilities Department) to the Board stating his concerns that the proposed action does not appear to conform to the request the Board made on July 15, 2005 and further discussion/negotiations appear to be appropriate, therefore, requesting that the Board be offered the opportunity to discuss this matter more fully with the Land Use Committee before presenting the matter to the City Council

The Board had the following concerns:

1. That there were two appraisals. Only the lower one was being considered and the price should be at a level somewhere between the two appraisals.
2. The ratepayers could legally challenge the sales price if it was felt to be below market and wanted the appraisals reviewed again to ensure that they were accurate and fair market price.
3. Did not support the callable loan option of the recommendation, as funds are needed now to meet current capital requirements.

City Manager Brad Hudson clarified that the higher appraisal assumed water and sewer service on the site and did not properly address site access or environmental constraints. These issues need to be resolved before any increase in value can occur. Presently the utility is and has been paying significant amounts for the maintenance and cleanup of the site. Mr. Hudson stated that the City of Riverside is structuring an arrangement with the City of Colton Redevelopment Agency to sell the property for a reduced amount in order to obtain the ability to have some input into the development of the site.

Assistant City Manager Michael Beck commented that the loan structure actually adds \$7.5 million to the Water Fund balance, creating additional revenue for the Water Utility.

The Board **REJECTED** the following terms:

Revised Recommendation:

That the Board of Public Utilities approve the terms and conditions of the sale of Pellisier Ranch as surplus property ("Property") by the Water Utility to the General Fund and recommend the City Council adopt a resolution by:

1. Approving the sale of the Property from the Public Utilities – Water Fund to the General Fund for the amount of \$7,450,000;
2. Agreeing to a **callable** loan from Public Utilities - Water Fund to the City's General Fund in the amount of \$7,450,000 plus interest at the City's pooled interest rate with interest and principal all due and payable in five years;
3. **Unless called by the Public Utilities Director**, agreeing that the loan will be paid within the 5-year timeframe so proceeds can be utilized to purchase other property required for Water Utility operations; and
4. Authorize the City Manager, or his designee, to execute all documents necessary to effectuate the transfer of the Property.

The motion for **REJECTION** was as follows:

Motion – Greg Kraft. Second – Conrad Newberry, Jr., P.E.

Ayes: Anderson, Barnhart, Kraft, and Newberry, Jr., P.E.

Oppose: Ken Sutter

Abstain: None

Absent: Peter Hubbard (Chair) (absent due to illness)
Bob Stockton (absent due to business)
Lalit Acharya (absent due to business)
Joe Tavaglione (absent due to business)

City Manager Brad Hudson left the meeting at this time.

(9) ITEMS FOR FUTURE BOARD OF PUBLIC UTILITIES CONSIDERATION AS REQUESTED BY MEMBER OF THE BOARD OF PUBLIC UTILITIES

None.

DIRECTOR'S REPORT

- (A) Resources Update
Power Projects/Contracts Manager LeeAnne Uhler gave a quick overview of what the California Independent System Operator (ISO) is doing presently in revising the current tariff.
- (B) State and Federal Legislative Update
- (C) WMWD & City of Riverside Ad Hoc Committee Meeting on October 25, 2005 was cancelled.
- (D) Monthly Power Supply Report — September 2005
- (E) Rolling Calendar Outlining Future Utility Projects as of October 28, 2005
- (F) City Council Agendas – October 25, 2005 and November 1, 2005.

SYSTEMATIC REPORTING ON CONFERENCES/SEMINARS

Assistant City Manager Michael Beck left the meeting at this time.

The Board of Public Utilities recessed for 5 minutes and reconvened at 9:47 a.m.

WORKSHOP

Present:	Jim Anderson (Vice Chair)	Ken Sutter
	David Barnhart	Conrad Newberry, Jr., P.E.
Staff:	Dave Wright	Eileen Teichert
	Kevin Milligan	Gary Nolff
	Susan Wilson	LeeAnne Uhler
	Cathy Ference	
Absent:	Peter Hubbard (Chair) (absent due to illness)	
	Bob Stockton (absent due to business)	
	Lalit Acharya (absent due to business)	
	Joe Tavaglione (absent due to business)	
	Greg Kraft (left at 9:45 a.m.)	
	Steve Badgett (absent due to attending the Leadership Riverside course)	
	Jerry Rogers (absent due to attending a conference)	

(10) BROWN ACT REFRESHER TRAINING

Supervising Deputy City Attorney Eileen Teichert conducted this training to refresh the Board and staff on the Brown Act, covering the history and intent of the Brown Act, Open meeting requirements, Closed session requirements, and Enforcement of the Brown Act. Ms. Teichert answered questions from the Board members and distributed handouts that coordinated with the refresher training.

The Board of Public Utilities received and filed documentation associated with this refresher training.

UPCOMING MEETING

Vice Chairman Jim Anderson adjourned the meeting at 10:30 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, November 18, 2005**, at **8:15 a.m.** at the **Utilities Plaza Conference Room located at 3460 Orange Street (at Fifth and Orange Streets) in Riverside, California.**


By: 

David H. Wright, Secretary
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: December 2, 2005

TO: Board of Public Utilities

FROM: James Anderson, Vice Chair 

DATE: November 4, 2005

RE: Sale of Pellissier Ranch (Item 8)

On July 15, 2005, the Board of Public Utilities adopted a motion to request, **“that the price, terms and conditions of the proposed sale of the Pellissier Ranch property be brought back to the Board of Public Utilities for consideration before returning to the Land Use Committee.” (Emphasis Added.)**

Today, we are presented with the terms of the sale in the form of approval for action by the City Council and not referred back to the Land Use Committee.

The terms of the sale do not provide funds to the Public Utilities – Water Fund for up to five (5) years, at an interest rate at the “City’s pooled rate”. The amount of the “pooled rate” obtained by the City is not stated, but can be assumed to be less than the market rate for loans on real property within the Inland Empire. Therefore, not only are the funds not available for use on improving the infrastructure, but the return will be less than if the money was invested at market rates.

The repayment source is not specifically stated. The City Manager is to “coordinate development activities for the Property with the City of Colton to “obtain entitlements” and “improving this entrance point to the City of Riverside.” It is assumed this language means that the City of Riverside will cause the Property to be “improved” (e.g. entitlements) which would make the Property more valuable for sale at a profit. At this point, the only funds available come from the “loan” from the Water Fund. If the City makes a profit from the sale of the Property, while risking Public Utility funds, it appears reasonable that the Water Fund should somehow share in this benefit in the results, and not merely get the “City’s pooled rate”.

On August 5, 2005, Mr. Hudson addressed the Public Utility Board and indicated his concern about the **“aging infrastructures and the need for more monies to the water fund.” (Emphasis added.)** Unfortunately, the terms of the sale of Water Utility Property will not bring in any substantial additions to the monies needed for improving the infrastructure. There will not be even partial payments of principle and interest on this loan for up to five years.

The terms and conditions of this sale do not appear to be in the best interest of the Public Utility as stewards for the water customers. In order to complete the work of the plan that was left by Dieter Wirsfeld, there needs to be more urgency

in the effort, and the terms of this sale do not appear to appreciate the needs of the Utility.

The proposed action does not appear to conform to the request the Board made on July 15, and further discussion/negotiations appear to be appropriate. It is therefore requested, that the Board be offered the opportunity to discuss this matter more fully with the Land Use Committee before presenting the matter to the City Council.